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TAGS: [EAID](#) [EFIN](#) [PREL](#) [SA](#)
SUBJECT: GCC WANTS TO FOCUS ON TECHNICAL IMPEDIMENTS TO
YEMEN ASSISTANCE AT UPCOMING CONFERENCE

REF: (A) SANAA 380 (B) KUWAIT 160

Classified By: Ambassador James B. Smith, reasons 1.4 (b and d).

¶1. (C) Summary: The Gulf Cooperation Council (GCC) is looking forward to the February 27-28 meeting on technical aspects of assistance to Yemen, which it hopes will identify the main impediments to more effective aid programs on the ground. This is the latest in a series of meetings the GCC has held with Yemen, and supports the GCC's engagement with Yemen's national development plan. The GCC is concerned that Yemen is trying to turn a technical meeting into a more political meeting. The President of Yemen raised this meeting with King Abdullah during his February 23 audience, and subsequently announced it was sending a Deputy Prime Minister, which prompted a flurry of calls among GCC members to try to up the level of attendees. The GCC would prefer that this meeting set up a subsequent ministerial level meeting, perhaps on the margins of the late March GCC-Yemen ministerial, on specific steps to improve disbursements. The GCC welcomes greater donor involvement and coordination, which it hopes can address the need for greater Yemeni capacity in the Ministry of Planning to coordinate between line ministries and donors. The GCC also hopes that the February meeting can begin to sketch out ways to harmonize the existing donor programs with the Friends of Yemen process, about which some GCC member states still have some concerns. End Summary.

Yemen Shines Spotlight on February Technical Meeting:

¶2. (C) Dr. Abdel Aziz Aluwaisheg, Gulf Cooperation Council (GCC) Director General of Economic Relations, told EconCouns February 24 that the February 27-28 technical assistance meeting in Riyadh has suddenly received a lot of high level attention, thanks in part to Yemeni President Saleh's February 23 visit to Saudi Arabia (septel). Saleh told King Abdullah about the meeting, and expressed Yemen's hopes that it would result in some specific decisions to accelerate funding for Yemen. Yemen subsequently informed the GCC that it is expanding its delegation to 13, and has raised its level, with the Deputy Prime Minister now leading a group that will include the Minister of Finance, and Undersecretaries and Directors General from the Ministries of Planning and Economic Forecasting. Yemen also plans on bringing the Executive Director of the Saada Reconstruction Organization, even though the GCC has already informed Yemen that they are unlikely to be able to accommodate a specific item on the already crowded agenda. As a result of the Yemeni decision and the meeting with the King, Saudi FM Saud Al-Faisal called the GCC and asked that they request all GCC states upgrade their attendance; apparently, no ministers were available on such short notice, but a couple of Deputy Ministers may attend.

GCC Goals for the Meeting:

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13. (C) Aluwaisheg explained that the GCC had hoped to keep this meeting very much at the technical level, with a focus on identifying the technical problems that are slowing disbursements. The meeting was never intended to make significant policy decisions. Rather, it was intended to identify a clear problem set, and perhaps some potential remedies, and tee up a discussion of ministers, tentatively envisioned to take place in March, which could usefully sketch out the way forward. It will certainly feed into preparations for the next GCC-Yemen ministerial meeting on assistance, which will take place at the end of March. Depending on the advice of the delegates to the February 27-28 meeting, that GCC-Yemen meeting may also include other donors.

14. (C) Aluwaisheg also stressed that this is not the first technical meeting between GCC donors and Yemen. They have been meeting for several years to discuss how best to design and implement the GCC member assistance programs. Aluwaisheg said the GCC had hoped that this session would be primarily a brainstorming session to forge consensus on what the main impediments are to higher disbursements and more effective programs. The meeting is also interested in developing more effective tools to measure progress in Yemen, following up on discussions in London in January.

Deconflicting with Friends of Yemen:
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15. (C) This GCC meeting will also provide a useful forum to discuss how best to merge the pre-existing bilateral aid

programs, like those of the GCC, with the Friends of Yemen (FOY) process, which Aluwaisheg said most GCC countries regard as primarily political. Aluwaisheg personally hoped that the FOY process could help provide greater political will to address the problems that have slowed disbursements, both on the Yemeni and on the GCC members' sides.

16. (S) There are some sensitivities within GCC member states about the FOY process. Oman objected to GCC officials earlier in February to the characterization of Yemen as a failed state. Oman also reportedly cited concerns that the west, particularly the U.S., may seek to use the FOY process to highlight concerns about Iranian involvement in Yemen, which may raise regional tensions further. Separately, the Kuwaiti, Abu Dhabi and Saudi Development Funds have all disagreed with GCC suggestions to accelerate disbursements, citing concerns about lack of Yemeni priorities, ability to execute programs and corruption.

GCC Suggestions for Ways Forward:
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17. (C) Aluwaisheg said that the GCC feels a little bit caught in the middle, as it believes it is important to use the upcoming meeting to focus on key impediments to improve specific conditions on the ground in Yemen. The GCC is frustrated with lack of Yemeni progress on a number of fronts, but also believes that Yemen has made some progress, and is convinced that waiting until the government has proven its ability to solve major issues will allow problems to mushroom.

18. (C) Aluwaisheg identified the lack of capacity of the Yemeni Ministry of Planning to coordinate donor programs with ministry efforts as the single biggest problem. He characterized the Ministry of Planning as the "gateway" to all aid in Yemen. He noted that the EU has funded between 10 and 15 coordination staff for its \$750 million program in Yemen; as a result, EU donors have better contact with line ministries and have made greater progress in disbursing assistance. By contrast, Yemen has assigned only one official to coordinate the \$3.7 billion in combined GCC programs. As a result, GCC donors cannot even get reports on time, let alone undertake the coordination they need with

line ministries. Aluwaisheg believes that outside funding of a few more technical experts in the ministry of planning would significantly improve the effectiveness of programs in Yemen. He suggested it would make a lot more sense to organize experts thematically, rather than segregate them by donor. He invited the U.S. to consider funding this kind of program as a key gap between existing donor programs. In a similar vein, Aluwaisheg said that it would be useful to have greater leadership among the donors, particularly on the ground, which would help make sure that implementation of programs took place, and could offer a way to integrate the FOY process with donor programs. He said that UN and World Bank efforts to promote greater integration have not been as successful as the GCC had hoped.

Labor a Non-Starter:

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¶9. (C) Aluwaisheg said that Yemen was likely to suggest at the February 27-28 meeting that the GCC states allow more Yemeni expat laborers to enter their markets. Aluwaisheg said that the GCC has been working with Yemen on this issue for at least two years. The problem is that GCC labor markets are already open to Yemeni laborers. Aluwaisheg said that the Yemeni request effectively translates into an appeal to direct GCC employers to hire Yemenis at the expense of other nationalities. Given that most GCC states have not succeeded with similar programs over the last decades to convince local employers to hire GCC nationals, he doubted that any such directive would be effective in the case of Yemen. He also said it was totally impractical to ask GCC states to consider letting in Yemenis without visas, given abundant recent security concerns. Aluwaisheg noted that Yemen had pushed this issue hard in 2007-8, and had raised it at the June 2009 ministerial meeting, after which it was referred to the GCC Labor Council (of which Yemen is a member). Yemen has apparently not pursued the issue in that forum.

¶10. (C) The GCC has tried proactively to increase the skills of Yemenis to make them more competitive both at home and abroad by promoting technical schools and education. GCC member states have built several dozen schools already, and have coordinated with the UK and the Netherlands to solicit support for operating costs. The GCC is also trying to help

Yemen address a serious identity problem, which would improve the ability to legitimate Yemeni workers to get jobs abroad, by setting up a central Yemeni database (the UAE has already contributed \$63 million to set up this center). Aluwaisheg said that this might be an area where a relatively new donor, such as the U.S., might help coordinate existing programs and/or fill in gaps. Aluwaisheg concluded by recognizing that finding jobs for Yemenis is a serious issue, but expressing considerable frustration that the Yemeni Government is not doing more to work with donors to address the underlying problems. He expects Yemen will raise this issue again at the upcoming meeting, which will only frustrate GCC member state delegations. Aluwaisheg said it would be very unhelpful for foreign delegations to suggest greater GCC flexibility for Yemeni expats, particularly given recent increased restrictions on travelers from the Arabian Peninsula to Europe and the U.S. (apparently, the EU suggested they considered raising this on behalf of Yemen, but decided against it after learning more of the background).

Comment:

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¶11. (C) The GCC is very pleased that U.S. experts on Yemen assistance will attend the meeting. They welcome the tangible sign of interest in coordinating to support assistance in Yemen. They also believe that the U.S. has a unique ability to plug some existing holes in donor programs, such as offering to improve the capacity of the Ministry of Planning. Perhaps more importantly, GCC officials also believe that U.S. participation in this meeting will help persuade other donors to improve coordination. In that

regard, the apparent attempt by Saleh to increase the profile of this upcoming technical meeting may backfire to the extent that it may convince some important decision makers in GCC member states that Yemen is trying to embarrass them into cutting bigger checks without resolving underlying capacity issues.

SMITH